

19 August 2019

## Acquisition of Gregson & Weight Funeral Directors

Propel Funeral Partners Limited (ASX: PFP) (**Propel**) is pleased to announce it has executed a conditional sale agreement (and related documentation) to acquire the entire issued share capital of Codfern Pty. Ltd, trading as Gregson & Weight Funeral Directors (**Gregson & Weight**), and certain freehold properties on the Sunshine Coast in Queensland.

The Gregson and Weight families' involvement in funeral services dates back to 1897. Gregson & Weight itself was established in 1972, when the family relocated from Victoria to the Sunshine Coast. Today, Gregson & Weight employs circa 40 staff and is the largest funeral services provider on the Sunshine Coast, performing approximately 1,650 funerals per annum from four contemporary locations.

The total purchase price payable on completion of the proposed transaction is approximately \$36 million<sup>1</sup>, all of which will be payable in cash. As part of the proposed transaction, Propel will acquire three substantial freehold properties and a parcel of vacant land in the Sunshine Coast's population centres of Caloundra, Nambour and Maroochydore. The aggregate land size across the three freehold properties and the vacant land is approximately 13 hectares, and the facilities include:

- six chapels (the largest of which seats 400 people), each with large adjoining refreshment lounges and kitchen/serving facilities;
- two cremation facilities;
- three mortuaries with cool rooms;
- eight arranging rooms;
- two onsite residential properties;
- office, administration and staff facilities; and
- expansive landscaped grounds, car parking and garage facilities.

In addition, Propel will lease a full service funeral property in Noosaville, which includes:

- a chapel (with seating for 300 people);
- a third cremation facility;
- a mortuary with cool room;
- office, administration and staff facilities; and
- landscaped grounds, car parking and garage facilities.

Gregson & Weight's revenue totalled approximately \$12.0 million in FY19 and the proposed acquisition is expected to increase Propel's annualised revenue<sup>2</sup> by circa 11%. It has consistently generated attractive earnings margins and the proposed acquisition is expected to be earnings accretive in year one.

Albin Kurti, Managing Director of Propel, said "Propel has long admired Gregson & Weight. It is the market leader on the Sunshine Coast with a trusted brand and what we consider to be among the best funeral facilities in Australia. The Gregson family is highly respected within the industry and we are honoured that they have chosen to partner with us. I am delighted that various Gregson family members have agreed to continue in their current roles."

John and Jeanette Gregson, on behalf of the Gregson family, said "We have spent a lot of time considering who we could best trust to build on the success and reputation our family and staff have worked so hard to create over the years. We have been monitoring Propel's progress and have been impressed with what they have achieved both here in Australia and in New Zealand, and their 'business as usual' approach appeals to us, as it has done with other industry leaders. We're pleased that our dedicated and loyal staff will be joining a supportive and growing funeral operator. We appreciate the support provided to us by our client families, loyal staff and friends over many years and we are confident the business will continue to retain their trust."

Mr Kurti added, "Gregson & Weight is Propel's largest acquisition to date and it will further diversify our network with a reputable operator of scale in a growing region with favourable demographics. We look forward to welcoming all staff members to Propel."

<sup>1</sup> Excluding transaction costs and any completion adjustments.

<sup>2</sup> Including the estimated full year revenue contribution of recently completed acquisitions and the estimated full year revenue contribution of the Dil's Group (acquisition announced but not yet completed).

# ASX ANNOUNCEMENT



Completion of the proposed transaction is expected to occur in Q2 of FY20, following satisfaction (or waiver) of conditions such as confirmatory due diligence, relevant consents from third parties and no regulatory action. Propel intends to fund the transaction from its recently expanded debt facilities.

Propel is scheduled to release its FY19 Full Year Results on Monday, 26th August 2019.

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## **About Propel:**

Propel is listed on the ASX and is the second largest provider of death care services in Australia and New Zealand. Propel currently operates from 120 locations, including 28 cremation facilities and 9 cemeteries.

## **For further information, please contact:**

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## **Important notice:**

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements. Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Propel). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.